

Message Text

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ACTION OES-06

INFO OCT-01 ARA-10 EUR-12 IO-13 ISO-00 FEA-01 AID-05

CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00 EB-07 FPC-01

H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-15 SAM-01 SP-02 SS-15 STR-04 TRSE-00 ACDA-10

PA-02 PRS-01 /136 W

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 0773

INFO ERDA WASHDC

ERDA GERMANTOWN

AMEMBASSY BRASILIA

USMISSION EC BRUSSELS

USMISSION IAEA VIENNA

AMCONSUL RIO DE JANEIRO

UNCLAS BONN 12750

E.O. 11652 N/A

TAGS: TECH, ENRG, GW, BR

SUBJECT: FRG - BRAZIL NUCLEAR COOPERATION -- STATUS
REPORT

REF: A. BONN 10569; B. STATE 151277; C. BONN 10938(75)

1. SUMMARY. DELIVERY AND CREDIT ARRANGEMENTS FOR THE FIRST TWO GERMAN NUCLEAR POWER PLANTS IN BRAZIL WERE COMPLETED ON JULY 22, 1976, THROUGH AGREEMENTS BETWEEN THE BRAZILIAN ELECTRIC UTILITY FURNAS CENTRAIS ELETRICAS AND THE GERMAN KRAFTWERK UNION (KWU) AND A GERMAN BANK SYNDICATE. END SUMMARY.

2. THE OFFICIAL KWU PRESS RELEASE REPORTS THAT THE AGREEMENT COVERS THE DELIVERY OF TWO IDENTICAL 1325-MW
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PRESSURIZED WATER REACTORS, ANGRA 2 AND 3,

WHICH WILL BE CONSTRUCTED ON ONE SITE AND ARE EXPECTED TO BEGIN OPERATION IN 1983 AND 1984. CONSTRUCTION WORK WILL BE PERFORMED TO A GREAT EXTENT BY BRAZILIAN SUBCONTRACTORS USING KWU TECHNOLOGY. MOST OF THE ENGINEERING IS THE RESPONSIBILITY OF " NUCLEN " WHICH WAS JOINTLY FOUNDED BY THE BRAZILIAN GOVERNMENT FIRM NUCLEBRAS AND KWU.

3. THE AGREEMENT BETWEEN A GERMAN BANK SYNDICATE AND FURNAS ENSURES THE FINANCING OF THE DM 6.52 BILLION CONTRACT. THE SYNDICATE WILL LOAN DM 4.3 BILLION; THE BRAZILIAN GOVERNMENT MUST COVER THE REMAINING DM 2.3 BILLION FOR " LOCAL EXPENDITURES ". IN A TELEVISION INTERVIEW THE BRAZILIAN ENERGY MINISTER UEKI TOLD OF HIS RECENT VISIT TO IRAQ TO PROCURE THIS AMOUNT AND ANNOUNCED THAT THE PURCHASE OF THE OTHER SIX POWER PLANTS COULD BE EXPECTED IN ONE OR TWO YEARS AFTER A CAREFUL RECONSIDERATION OF THE BRAZILIAN ENERGY NEEDS.

4. THE GERMAN PRESS AGENCY (DPA) REPORTS ADDITIONAL TALKS BETWEEN FRG ECONOMIC MINISTER FRIEDIRCHS AND BRAZILIAN MINISTERS VELOSO AND UEKI ABOUT CLOSER COOPERATION IN THE FIELD OF NUCLEAR ENERGY, RAW MATERIAL POLICY AND FRG INVESTMENT IN BRAZIL. THESE TALKS ARE, REPORTEDLY, PART OF THE FRG PROGRAM TO ASSURE ITS OWN NUCLEAR FUEL SUPPLIES BY ACQUIRING NATURAL URANIUM RIGHTS THROUGH FOREIGN INVESTMENT.

5. EMBASSY COMMENT:

A. ACCORDING TO UEKI'S TELEVISION COMMENTS, BRAZIL FAVORED KWU OVER WESTINGHOUSE BECAUSE KWU PROVIDED FOR STRONG TECHNOLOGICAL PARTICIPATION FROM THE BRAZILIAN SIDE. THE TECHNOLOGY TRANSFER SHOULD HAVE A FAVORABLE IMPACT ON BRAZIL'S ECONOMIC DEVELOPMENT
B. RE PARA 4 ABOVE: SEE ALSO BONN 10436.

IN A RECENT PARLIAMENTARY REPLY RESEARCH MINISTER MATT-HOEFER QUOTED GOVERNMENT PLANS TO ENCOURAGE PROSPECTING AND MINING ACTIVITIES SO THAT 50 TO 60 PERCENT OF GERMAN URANIUM REQUIREMENTS WILL COME OUT OF UNCLASSIFIED

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SOURCES CONTROLLED BY THE FRG. CURRENTLY ONLY 20 PERCENT COME FROM SUCH SOURCES.

C. IT SHOULD BE NOTED THAT THIS DEAL IS ONLY PART OF THE FRG - BRAZIL NUCLEAR AGREEMENT WHICH PROVIDES FOR CONSTRUCTION OF AN ENRICHMENT FACILITY USING THE JET - NOZZLE PRINCIPLE, OF A FUEL ELEMENT FABRICATION PLANT OF A REPROCESSING FACILITY AND OF FOUR REACTORS WITH AN OPTION FOR ANOTHER FOUR. THE WHOLE PROJECT WILL

TOTAL BETWEEN DM 15 AND 20 BILLION.

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